

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 FEA-01

ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 EB-07 FPC-01

INT-05 OMB-01 SAM-01 OES-06 STR-04 TRSE-00 ACDA-07

TAR-01 /103 W

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R 241900Z AUG 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 1502

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

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E.O. 11652: N/A

TAGS: ECIN

SUBJECT: LIMA VIEWS ON PRESENT ANDEAN PACT CRISIS

REF: CARACAS 9609

1. PROFESSOR ROGER FONTAINE OF GEORGETOWN UNIVERSITY'S CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES WAS IN LIMA AUGUST 16-20 AS PART OF HIS TOUR GATHERING MATERIAL FOR A PAPER ON THE PROSPECTS FOR THE ANDEAN PACT. MINISTRY OF EXTERNAL RELATIONS HAD BEEN ADVISED OF HIS PLANS AND HAD ARRANGED INTERVIEWS WITH MINISTRY OFFICERS DEALING WITH INTEGRATION, AS WELL AS WITH OFFICERS IN THE MINISTRY OF INTEGRATION AND WITH JUNTA COORDINATOR LUIS BARANDIARAN PAGADOR. FONTAINE PROVIDED FOLLOWING SUMMARY OF IMPRESSIONS PRIOR TO HIS DEPARTURE.

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2. THE UNANIMOUS PERUVIAN SENTIMENT IS ONE OF EXASPERATION

WITH CHILE. FOR OVER A YEAR THE INTEGRATION PROCESS WHICH IS DEPENDENT UPON MOMENTUM HAS BEEN PARALYZED BY CHILEAN INSISTENCE ON BASIC CHANGE. CHILEAN ATTITUDE IS DEMONSTRATED BY ECONOMIC DEVELOPMENT MINISTER DE CASTRO'S REPORTED PUBLIC REJECTION OF THE COMPROMISE OFFERED IN THE BOYACA DECLARATION BEFORE HE COULD HAVE POSSIBLY REVIEWED IT IN DEPTH. THE BOYACA DECLARATION REPRESENTS THE LIMITS TO WHICH THE MAJORITY CAN GO TO MEET CHILE. SANTIAGO CAN "TAKE IT OR LEAVE IT." IF CHILE DOES NOT ACCEPT, THE REMAINING FIVE (NOW MORE CLOSELY UNITED THAN PREVIOUSLY) COULD PROBABLY DEVELOP A MORE EFFECTIVE COMMON MARKET. WHEN QUESTIONED ON THE LEGAL COMPLICATIONS OF SUCH A CHANGE, ALL SOURCES BECAME VAGUE AND RETURNED TO THE THEME THAT CHILE MUST "TAKE IT OR LEAVE IT." ALL CONTACTS PROFESSED BEWILDERMENT OVER CHILE'S PURPOSE IN FORCING A CONFRONTATION WITHIN THE PACT. THE MOST COMMON EXPLANATION OFFERED WAS THAT THERE WAS SOME UNSPECIFIED RELATION TO INTERNAL CHILEAN RIVALRY BETWEEN MINISTERS DE CASTRO AND CAUAS.

3. IN A SUBSEQUENT CONVERSATION WITH LUIS SOTO, CHIEF OF THE TECHNICAL TEAM (GRUPO DE TECNOLOGIA) IN THE JUNTA, EMBOFF ASKED IF THERE WERE SPECIFIC PROPOSALS ON THE LEVEL OF THE COMMON EXTERNAL TARIFF WHICH HAD ACCOMPANIED THE BOYACA DECLARATION. SOTO ACKNOWLEDGED THAT CHILE HAD ALSO BEEN GIVEN A LONGER, MORE DETAILED SUMMARY OF THE COMPROMISE OFFERED IN COLOMBIA. HE SAID THE FIVE-MEMBER MAJORITY HAD AGREED TO PROPOSE A COMMON TARIFF RANGING FROM ZERO TO 65 PERCENT WITH AN AVERAGE AROUND 27 PERCENT. CHILE HAD BEEN DEMANDING A BAND FROM ZERO TO 35 PERCENT WITH AN AVERAGE AROUND 17 PERCENT. SOTO EXPECTED CHILE EVENTUALLY TO FIND THE OFFER ACCEPTABLE SINCE HE THOUGHT THE PRESENT AVERAGE OF CHILEAN TARIFFS IS MORE THAN 30 PERCENT. SMITH

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